

Scholarly Scolard gets plaudits

The most widely praised contribution came from civil servant Niall Scolard from the Insurance Section of the Department of Industry and Commerce.

Under the heading "The forces of change", he provided a thorough overview of legislative and commercial developments in the Irish market, setting out clearly the principles that guide the government: "Intervention in the affairs of the insurance industry is intended to assist in maintaining the security, profitability and efficiency of the business in the interests of policy-holders; it is not intended to be

It is a rare conference that draws universal praise among its delegates for the quality of the papers presented and the discussions. But this was the achievement of the Insurance Institute of Ireland's conference

unnecessarily inhibiting or restricting on the sector".

He explained the purpose of the Insurance Bill currently at its committee stage in the Seanad (The Senate, the upper house of the Irish Parliament): "The Insurance Bill has three basic objectives: first, to

in Rosslare, Co Wexford last week. With the ambitious target of discovering the Irish insurance industry's future, all of the speakers addressed the issues with a great expertise and relevance.

strengthen the department's legislative powers in relation to the supervision of insurers; second, to take what are essentially reserve powers to regulate commission payments to intermediaries where the policyholders' interests so require; and, third, to introduce a form

of insurance regulation for intermediaries."

The Bill stops short of polarisation along the lines of the UK life market but does propose a framework of regulation for all intermediaries with an intermediate category of independent agent who is tied to no more than four life and four non-life companies. All affiliations and his status will have to be displayed clearly on his letterheads. Mr Scolard explained the thinking behind stopping short of polarisation: "This is not considered appropriate at present in an Irish context for demographic and geographic reasons, and having regard to the existing market reality here insofar as the selling of insurance is concerned. Nevertheless, polarisation is probably a process which will evolve over time of its own accord. With increasing consumer awareness and sophistication, the public will rely less and less on part-time operators and will turn increasingly to full-time professional advisers."

Commenting on how the Irish insurers should face up to the challenge of 1992, Mr Scolard stepped firmly into the world of commercial reality when he told his audience that to compete successfully at home and overseas in the non-life market "there is a need to combine resources to meet the challenge and exploit the opportunities properly. The state has a profound interest in the maintenance of a strong and competitive insurance industry in Ireland and therefore demands that the insurance industry should prepare properly for the coming challenge in this area."

He said that any attempt to stop the creation of financial conglomerates by statute would amount to "trying to turn back the tide of social change and modern day market realities". The sensible government response was to remain flexible and to fit the regulatory and supervisory procedures to the structure of the market.

He concluded by saying that the industry would require ingenuity, institution and innovation if it was to prosper in the face of the increasing competition from other European insurers. Failure to ensure that these qualities were to the fore would mean that the insurance industry could see its very existence ebbing away.

Matson is honoured

The Secretary-General of the Insurance Institute of Ireland, Douglas Matson was signally honoured at the annual conference of the Institute when he was the recipient of only the second presentation of the Institute's Sargison Award in 30 years.

The award is made to honour a published work of outstanding merit and distinction, and was presented to Mr Matson by the outgoing President, Dermot Ryan.



Europe gets green light

Gerry Ryan, managing director of Church and General Insurance, said that the Irish insurance industry had its work cut out to put itself in a strong enough position to meet the challenges

"The Irish insurance industry has neither the wealth nor the resources of many of the European insurance industries," Mr Ryan told the delegates,

"Up to relatively recently we have had a totally protected insurance industry in Ireland, compared to the open markets in Europe. European countries that have strong, expanding and exporting economies also have strong, expanding and exporting insurance industries. It is worth noting as well that in these countries the domestic or national insurers have a very strong hold on the local domestic market and have a very strong base on which to launch their competition. We in Ireland on the other hand have a weak, though improving, economy and we have a weak

insurance market and accordingly a weak base on which to launch ourselves to Europe."

"Clearly, we will have to provide a better service to our domestic market and examine

new ways of strengthening our domestic base. We must cultivate an international outlook and look outside our own shores for new sources of business."

Unit trust rules push

The life assurance industry's view on the future of Irish insurance was put by John Brindle, Standard Life

He outlined some of the many regulatory changes currently taking place in the UK and the impact that these will have on the industry, but in doing so he drew out some important lessons for the Irish industry: "I would be the last person to claim that the regulatory route taken in the UK is ideal but I would certainly suggest that the relative absence of guidelines in the Irish market could allow the development of undesirable practices, could deter the more respected international companies from using the financial services

centre and will inhibit the expansion of Irish financial companies overseas", warned Mr Brindle.

On a more positive note, Mr Brindle urged action to encourage unit trusts: "In this country very few unit trusts exist because the existing legislation is based on a very outdated Act. If this Act is not revised then, when exchange controls go, investors may well find that they prefer to invest through overseas unit trusts and I would commend to the government to consider that a review of unit trust legislation is undertaken as a matter of urgency to allow Irish companies to gain experience in this area."

President stresses education

The incoming President of the Institute, broker Jack O'Sullivan, said that the Institute took great pride in its educational achievements.

"Over the past few years our pass ratio has been consistently higher, albeit by a few points, than that in the UK... Ireland's

first insurance graduates will emerge from the National Institute of Higher Education in Limerick in June of next year having completed the course into which this Institute has had a direct input in organising.

"There were in excess of 1200 students entered for our own CII

examinations last month, an increase of over 20% on the previous year. Very definitely an all round satisfactory situation, achieved I might add from within the Institute's own resources", Mr O'Sullivan said at the annual dinner.

Earlier at the AGM, Douglas

Matson had reported that the Institute was about to start examining the question of exemptions from CII exams for graduates who had completed the insurance options in the Limerick degree.

The new tutorial system was reported to be working well.

Plea for stability

The brokers' view was forcefully put by Hamish Ritchie, chairman and chief executive of Bowring UK.

Underlying his remarks was a concern for the impact of the underwriting cycle on the industry. Like Niall Scolard, Mr Ritchie believed that much of the premium income lost to the industry through greater self-insurance would not return. A large part of the blame for this had to be put at the feet of the insurers: "Our clients prefer stability to the rollercoaster approach", he told delegates.

"We have seen during the decade four years when the insurance buyer called the tune and three years when the companies were getting their own back. Capacity has now returned; occurrence wordings are again the norm and rates are going down by 20%. Are our memories so short and is greed for market share going to produce the same as the early 80s? Is this soft market going to last for another five years or will we see some measure of stability?"

He said that the megabrokers that were put together over the past ten years had worked successfully, despite the doubters. Having forged the trans-Atlantic links, they were now turning their attention to Europe. This did not rule out a role for smaller firms, however: "There will still be room for the boutique broker.

"Although with the competitiveness in brokers' margins, which are under strain from a variety of converging pressures, it may well be that the smaller brokers who have so to speak lived off the crumbs from the rich man's table may find life extremely difficult unless it is an area of the game which is so esoteric that it is not overall sufficiently large to tempt the major players".

Dundalk OK

The proposal to upgrade to north eastern centre of the Dublin Institute to the Insurance Institute of Dundalk was approved at the annual general meeting.

The proposal will now go forward to the Chartered Insurance Institute's conference in Harrogate at the end of September. The Institute's secretary general, Douglas Matson, said that there would have to be some restructuring of the Irish Institute's council to ensure that it did not become too cumbersome as the result of the addition of another institute.



Top trio: (from left to right): the new Deputy President, Bart Fitzsimon, Dublin, the incoming President of the Institute, Jack O'Sullivan, Cork and the outgoing President, Dermot Ryan, Dublin.

Irish Re proposed

The centrepiece of Professor Henry Ellis's detailed analysis of the progress on the legislative front in Europe was a proposal to create an Irish Reinsurance Company.

"A look at the Irish direct or retail non-life insurance market reveals a staggering total of IR£256 million reinsurance business bought by this market in 1986, nearly £200m of which was purchased by Irish head office insurers. Irish head office insurers sold only £29½m of reinsurance in 1986.

"The amount of reinsurance ceded out by non-life insurers at present should give the right

reinsurance organisation, if not market control, then at least some market influence in attracting new reinsurance business inwards. Given the nature of international reinsurance markets, I think the way to seek such business would be by the formation of a substantial Irish "pure" reinsurance company", said Professor Ellis. This could be based in the new International Financial Services Centre in Dublin.

Professor Ellis said that he hoped that an enterprising promoter for this scheme could be found from within the Irish insurance industry.

7
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